# SUSTAINABLE LUXURY MAURITIUS LIMITED

## FINANCIAL STATEMENTS

## FOR THE YEAR ENDED
## 31 DECEMBER 2014

**SUSTAINABLE LUXURY MAURITIUS LIMITED**
**FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**DIRECTORS**

Bernard Bohnenberger
Sonia Xavier
Stephen Scali
George Tanzman
Neil Jacobs

**SECRETARY**

Codan(Mauritius) Limited
Level 3, Tower 1
Nexteracom Tower
Ebene
Mauritius

**AUDITORS**

RSM Margéot
Chartered Accountants
112, Moka Business Centre
Mount Ory Road
Moka
Mauritius

**BANKER**

HSBC BANK (MAURITIUS) LIMITED
HSBC Tower
Ebene
Mauritius

**REGISTERED OFFICE**

Level 3, Tower 1
Nexteracom Tower
Ebene
Mauritius

In our capacity as Company Secretary, we hereby confirm that, to the best of our knowledge and belief, the Company has lodged with the Registrar of Companies, as at 31 December 2014 all such returns as are required for a company in terms of the Mauritius Companies Act 2001, and that all such returns are true, correct and up to date.

Secretary Date:

**Codan(Mauritius) Limited**
Level 3, Tower 1,
Nexteracom Tower,
Ebene
Mauritius

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs and of the profit of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements ; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements on pages 7 to 30 have been approved for issue by the Board of Directors on and are signed on its behalf by:

**(DIRECTOR)** **(DIRECTOR)**

**REPORT OF INDEPENDENT AUDITORS'**
**To the Member of Sustainable Luxury Mauritius Limited**

## Report on the financial statements

We have audited the accompanying financial statements of Sustainable Luxury Mauritius Limited (the "Company") set out on pages 7 to 30 which comprise the statement of financial position as at 31 December 2014, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

## Directors' Responsibility for the Financial Statements

The directors of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Opinion

In our opinion, the financial statements on pages 7 to 30 give a true and fair view of the financial position of the Company at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001.

## Emphasis of matter

Without qualifying our opinion, we draw attention to Note 18 in the financial statements which indicates that the Company incurred a loss of USD 4,858,271 during the year ended 31 December 2014 and, as of that date, the Company's liabilities exceeded its assets by USD 6,863,028. These conditions, along with other matters as set forth in Note 18, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

## Other matters

As mentioned in Note 6, the Company prepares and presents consolidated financial statements covering the Company and its subsidiaries in a separate document and as such no opinion is being expressed on such consolidated financial statements in this report.

This report including the opinion has been prepared for and only for the Company's member, in accordance with Section 205 of the Mauritius Companies Act, 2001 and for no other purpose. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Report on other legal requirements

In accordance with the requirements of the Mauritius Companies Act, 2001, we report that:

- We have no relationship with or interest in the Company other than in our capacities as auditors, tax advisors and arm's length dealings in the ordinary course of business;
- We have obtained all the information and explanations that we have required; and
- In our opinion proper accounting records have been kept by the Company as far as appears from our examination of those records.

**RSM Margéot**
**Chartered Accountants**

**Moka, Mauritius**

**Date:**

**Ravi R. Kowlessur, FCCA**
**Licensed by FRC**

**SUSTAINABLE LUXURY MAURITIUS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014**

| | Note | For the year ended 31 December 2014 USD | For the year ended 31 December 2013 USD |
|---|---|---|---|
| Revenue | 3 | **6,664,037** | 6,490,685 |
| | | **6,664,037** | 6,490,685 |
| Purchases | | **103,429** | |
| Other expenses | 4 | **11,337,872** | 8,022,383 |
| Amortisation of intangible assets | 5 | **121,306** | 79,215 |
| | | **11,562,607** | 8,101,598 |
| **Loss before tax** | | **(4,898,570)** | (1,610,913) |
| Tax expense | 13 | **(40,299)** | (34,623) |
| **Loss for the period** | | **(4,858,271)** | (1,576,290) |
| Other comprehensive income / (loss) for the period | | **-** | - |
| **Total comprehensive loss for the period** | | **(4,858,271)** | (1,576,290) |

The notes are an integral part of the financial statements.

Approved by the Board and signed on its behalf.

DIRECTOR

DIRECTOR

Place :Mauritius
Date:

**SUSTAINABLE LUXURY MAURITIUS LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

| | Note | As at 31 December 2014 USD | As at 31 December 2013 USD |
|---|---|---|---|
| **ASSETS** | | | |
| **Non current assets** | | | |
| Property,plant and equiment | 5 | **4,642** | 2,852 |
| Intangible assets | 5 | **839,936** | 546,130 |
| Investment in subsidiaries | 6 | **1,138,858** | 1,108,428 |
| Other non-current assets -Deposit | | **10,000** | 10,000 |
| Deferred tax asset | 13 | **83,407** | 43,108 |
| | | **2,076,843** | 1,710,518 |
| **Current assets** | | | |
| Short term loans | 7 | **4,598,312** | 5,608,557 |
| Trade and other receivables | 8 | **3,118,501** | 3,793,766 |
| Cash and cash equivalents | 9 | **6,945,733** | 161,101 |
| | | **14,662,546** | 9,563,424 |
| **Total Assets** | | **16,739,389** | 11,273,942 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 10 | **1,254** | 1,254 |
| Accumulated losses | | **(6,864,282)** | (2,006,011) |
| | | **(6,863,028)** | (2,004,757) |
| **Current liabilities** | | | |
| Short term borrowings | 11 | **20,752,217** | 10,592,803 |
| Trade and other payables | 12 | **2,850,200** | 2,685,896 |
| | | **23,602,417** | 13,278,699 |
| **Total Equity and Liabilities** | | **16,739,389** | 11,273,942 |

The notes are an integral part of the financial statements.

Approved by the Board and signed on its behalf.

DIRECTOR DIRECTOR

Place :Mauritius
Date :

**SUSTAINABLE LUXURY MAURITIUS LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014**

| | Ordinary Shares USD | Accumulated losses USD | Total USD |
|---|---|---|---|
| Issue of 100 ordinary shares during the year | 1,254 | - | 1,254 |
| Loss for the year | - | (2,006,011) | (2,006,011) |
| As at 31 December 2013 | 1,254 | (2,006,011) | (2,004,757) |
| Issue of 100 ordinary shares during the year | - | - | - |
| Loss for the year | - | (4,858,271) | (4,858,271) |
| **As at 31 December 2014** | **1,254** | **(6,864,282)** | **(6,863,028)** |

The notes are an integral part of the financial statements.

Approved by the Board and signed on its behalf.

DIRECTOR

DIRECTOR

Place : Mauritius
Date:

**SUSTAINABLE LUXURY MAURITIUS LIMITED**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014**

| | | For the year ended 31 December 2014 USD | For the year ended 31 December 2013 USD |
|---|---|---|---|
| **I.** | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | Loss before tax | (4,898,570) | (1,610,913) |
| | Adjustments for: | | |
| | Provision for bad debts & balances written off | 183,517 | - |
| | Exchange difference (net) | 49,604 | (27,660) |
| | Depreciation and amortisation | 121,306 | 79,215 |
| | | (4,544,143) | (1,559,358) |
| | Decrease / (Increase) in trade and other receivables | 576,051 | (1,663,984) |
| | Increase in trade and other payables | 30,397 | 2,438,145 |
| | **Cash used in operations** | (3,937,695) | (785,197) |
| | Income taxes paid | - | - |
| | **Net cash used in operating activities** | (3,937,695) | (785,197) |
| **II.** | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Proceed from issue of shares | - | 1,253 |
| | Purchase of tangible/intangible assets | (416,903) | (345,659) |
| | Investments in subsidiaries | (30,430) | - |
| | Loans (given) / repaid | 1,010,246 | (1,410,633) |
| | **Net cash generated from / (used in) investing activities** | 562,913 | (1,755,039) |
| **III.** | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Proceeds from borrowings (net) | 10,159,414 | 2,176,415 |
| | **Net cash generated from financing activities** | 10,159,414 | 2,176,415 |
| | **Net increase / (decrease) in cash and cash equivalents (I+II+III)** | 6,784,632 | (363,821) |
| | Cash and cash equivalents at the beginning of the year | 161,101 | 524,922 |
| | Cash and cash equivalents at the end of the year | 6,945,733 | 161,101 |
| | **Net increase / (decrease) in cash and cash equivalents** | 6,784,632 | (363,821) |
| | | - | - |

The notes are an integral part of the financial statements.

Approved by the Board and signed on its behalf.

DIRECTOR

DIRECTOR

Place : Mauritius
Date:

## 1. Reporting entity

Sustainable Luxury Mauritius Limited (the 'Company') was incorporated on 9 May 2012 in Mauritius as a private company limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is at c/o Codan (Mauritius) Limited, Level 3, Tower 1, Nexteracom Towers, Cybercity, Ebene, Mauritius.

The Company is engaged in the business of investing, managing and providing services to hotel, resort and spa.

The Company is a subsidiary of Sustainable Luxury Holdings (BVI) Limited, British Virgin Islands.

## 2. Summary of significant accounting policies

**a) Basis of preparation:**
The financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS"), being Standards and Interpretations issued by the International Accounting Standards Board ("IASB"), in force at 31 December 2014.

The financial statements have been prepared under the historical cost convention, except for assets and liabilities which are stated at their fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services

**Presentation currency:**

The financial statements of the Company are expressed in United States Dollars ("USD") which is the functional currency. All financial Information presented in USD has been rounded to the nearest USD.

**New standards and amendments to standards and interpretations not yet effective:**

The Company has not applied the new, revised as amended pronouncements that have been issued by the IASB but are not yet effective for the financial year beginning 1 January 2014. The new standard, amendments and interpretations will be adopted in preparation of financial statements when they become effective. The potential impact of some has not been determined, however it is expected that the impact would not to be material.

**b) Use of estimates and judgments:**
The preparation of the financial statements in accordance with International Financial Reporting Standard (IFRS) requires the use of estimates and assumptions that affect

the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues

and expenses during the reporting year. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the year in which the estimates are revised and in any future year affected.

**c) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Service income is recognised when services are rendered to the customers.

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

**d) Property, plant and equipment**

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and impairment losses.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:
Computers – 3 years

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting year.

**e) Intangible assets**

Intangible assets acquired are measured at cost. The cost of intangible asset comprises its purchase price, non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of preparing the asset for its intended use. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses.
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Al other expenditure is recognised in income statement when incurred.
Amortisation is charged to income statement on a straight line basis over the estimated useful lives of the asset unless such lives are indefinite. The estimated useful lives are as follows:

Computer software – 5 years
Website – 5 years

**f) Impairment of assets**

In accordance with IAS 36 – Impairment of Assets, property plant and equipment and intangible assets are subject to impairment testing.
The carrying amount of such assets (other than (i) intangible assets not yet available for use, (ii) goodwill and (iii) other indefinite life intangible assets) is reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down through the income statement to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the net present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the unit whose impairment is being measured.

Impairment losses for cash generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to the income statement to the extent that they reverse the impairment.

**g) Foreign currency translation**

Foreign currency monetary assets and liabilities are translated into the functional currency of the concerned entity using the exchange rates at the reporting date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss (except when deferred in other comprehensive income as qualifying cash flow hedges).
Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency (eg available-for-sale equity instruments) is translated using the exchange rates at the date when the fair value is determined.

**h) Financial instruments**

**Initial recognition and measurement**

The Company recognises a financial asset or a financial liability in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition the Company recognises all financial assets and financial liabilities at fair value. The fair value of a financial asset / liability on initial recognition is normally represented by the transaction price. The transaction price for financial asset / liability other than those classified at fair value through profit and loss includes the transaction costs that are directly attributable to the acquisition / issue of the financial asset. Transaction costs

incurred on the acquisition or issues of financial assets classified at fair value through profit or loss are expensed immediately.

The Company recognises financial assets using settlement date accounting, thus an asset is recognised on the day it is received by the Company and derecognised on the day that it is delivered by the Company.

**Subsequent measurement of financial assets**

Subsequent measurement of financial assets depends on their classification on initial recognition.

**Financial assets at fair value through profit and loss (FVTPL)**
Assets are classified in this category when they are held principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or meet the conditions for designation in this category at initial recognition.
Gains or losses arising on re-measurement of financial assets at FVTPL incorporate any dividend or interests earned, and are recognised in profit or loss.
Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘other gains and losses’ line item.

For the year ended on 31 December 2014, the Company did not classify any financial assets as held for trading or designated as at fair value through profit or loss.

**Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortized cost using the effective interest method (except for short term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank balances and cash are classified in this category.

Typically trade and other receivables are classified in this category.

**Held-to-maturity financial assets**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

For the year ended on 31 December 2014, the Company did not carry any financial asset classified in this category.

**Available for sale financial assets**

These are non-derivative financial assets that are designated as available for sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value.
Except for foreign exchange gains and losses, interest income and dividends that are recognised in profit or loss, changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated in revaluation reserve, until the investment is disposed of or is determined to be impaired. At that time, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified from equity to profit or loss.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there are is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**Impairment of financial assets**

At the end of each reporting period, the Company assesses whether its financial assets (other than those at FVTPL) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the financial asset(s) have been affected. Objective evidence of impairment could include significant financial difficulty of the counterparty, breach of contract, probability that the borrower will enter bankruptcy, disappearance of an active market for that financial asset because of financial difficulties, etc.

For AFS equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered also to be objective evidence of impairment.
In addition, for trade receivables that are assessed not to be impaired individually, the Company assesses them collectively for impairment, based on the Company's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively

to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss.

However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

For AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss. In respect of AFS equity securities, an increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in revaluation reserve; impairment losses are not reversed through profit or loss.

**Derecognition of financial assets**

On Irrespective of the legal form of the transactions, financial assets are derecognised when they pass the “substance over form” based derecognition test prescribed by IAS 39. That test comprises two different types of evaluations which are applied strictly in sequence:

- Evaluation of the transfer of risks and rewards of ownership
- Evaluation of the transfer of control

Whether the assets are recognised / derecognised in full or recognised to the extent of the Company’s continuing involvement depends on accurate analysis which is performed on a specific transaction basis.

**Subsequent measurement of financial liabilities**

Subsequent measurement of financial liabilities depends on how they have been categorised on initial recognition.

**Liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Liabilities are classified in this category when they are held principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or meet the conditions for designation in this category. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as they arise.

For the year that ended on 31 December 2014, the Company did not classify any financial liabilities held for trading or designated as at fair value through profit or loss.

**Other financial liabilities**

All liabilities which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

Typically, trade and other payables and borrowings are classified in this category. Items classified within trade and other payables are not usually re-measured, as the obligation is known with a high degree of certainty and settlement is short-term.

**Derecognition of financial liabilities**

A financial liability is removed from the Company's statement of financial position only when the liability is discharged, cancelled or expired (ie extinguished). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

### i) Provisions

Where, at the reporting date, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the Company will settle the obligation, a provision is made in the statement of financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise. Warranty provisions are measured using probability models based on past experience. Restructuring provisions are only recognised once the formal plan has been communicated to affected parties.

### j) Equity instruments

Equity instruments are contract that give a residual interest in the net assets of the company. Ordinary shares are classified as equity.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs, if any. To the extent these proceeds exceeds the par value of the shares issued they are credited to a share premium account.

### k) Contingencies

Contingent liabilities of the Company are not recognised but disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity and are not recognised because it is not probable that an outflow of resources will be required to settle the obligation. Moreover, the amount of the obligation cannot be measured with sufficient reliability.

Inevitably, the determination that the possibility that an outflow of resources embodying economic benefits is remote and that the occurrence or non-occurrence of one or more uncertain future events is not wholly within the control of the Company requires significant judgment.

**l) Related party transactions**

For the purpose of these financial statements, parties are considered to be related to the Company, if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

**m) Taxes**

**i) Current taxes**

Current tax is measured based on tax laws that are enacted at the balance sheet date.

**ii) Deferred tax**

Deferred tax is provided on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or on an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and unused tax losses can be utilised.

Current tax and deferred tax are recognised in the income statement except when relates to items credited or debited directly in equity, in which case the tax is also recognised directly in equity.

## 3. Revenue

| | **For the year ended 31 December2014 USD** | For the year ended 31December2013 USD |
|---|---|---|
| Income from resorts and spa management service | **5,716,227** | 5,606,783 |
| Income from Sale of Product | **103,429** | - |
| Royalty income | **803,554** | 860,974 |
| Commission income | **8,145** | 22,928 |
| Other Income | **32,682** | - |
| | **6,664,037** | 6,490,685 |

## 4. Other Expenses

| | **For the year ended 31 December 2014 USD** | For the year ended 31 December 2013 USD |
|---|---|---|
| Service fees | **7,847,902** | 5,278,294 |
| Legal and professional fees | **1,519,940** | 1,811,167 |
| Audit fees | **11,180** | 10,000 |
| Exchange difference (gain) /loss (net) | **69,282** | (1,024) |
| Travelling expenses | **824,797** | 178,355 |
| Communication expenses | **60,809** | 84,487 |
| Other administrative expenses | **1,003,962** | 661,104 |
| | **11,337,872** | 8,022,383 |

## 5 Property, Plant and Equipment/ Intangible Assets

| | Property, plant & Equipment | Intangible Assets | | Total |
|---|---|---|---|---|
| | Computer and Office equipments (USD) | Customized software (USD) | Website (USD) | (USD) |
| COST | | | | |
| Additions during the year | 3,051 | 62,182 | 437,995 | 500,177 |
| As at 31 December 2013 | 3,051 | 62,182 | 437,995 | 500,177 |
| Additions during the year | 3,141 | 15,500 | 108,765 | 124,265 |
| Adjustments during the year | - | - | - | - |
| As at 31 December 2014 | 6,192 | 77,682 | 546,760 | 624,442 |
| DEPRECIATION | | | | |
| For the year | 199 | 13,473 | 66,622 | 80,095 |
| As at 31 December 2013 | 199 | 13,473 | 66,622 | 80,095 |
| For the year | 1,351 | 14,550 | 105,406 | 119,956 |
| Adjustments during the year | - | - | - | - |
| As at 31 December 2014 | 1,550 | 28,023 | 172,028 | 200,051 |
| **Capital work in progress** | | | | |
| As at 31 December 2013 | - | 126,048 | - | 126,048 |
| As at 31 December 2014 | - | 415,545 | - | 415,545 |
| **NET BOOK VALUE** | | | | |
| As at 31 December 2013 | 2,852 | 174,757 | 371,373 | 546,130 |
| As at 31 December 2014 | **4,642** | **465,204** | **374,732** | **839,936** |

## 6. Investment in subsidiaries

| **Name of the Company** | **Country of incorporation** | **Proportion of ownership interest** | **As at 31 December 2014 USD** | As at 31 December 2013 USD |
|---|---|---|---|---|
| Sustainable Luxury Management (Thailand) Limited* | Thailand | 49% | **469,358** | 469,358 |
| Sustainable Luxury Hospitality (Thailand) Limited* | Thailand | 49% | **340,962** | 311,174 |
| Sustainable Luxury Operations (Thailand) Limited | Thailand | 99.98% | **324,967** | 324,967 |
| Sustainable Luxury Holding (Thailand) Limited* | Thailand | 49% | **1,650** | 1,650 |
| Sustainable Luxury UK Limited | United Kingdom | 100% | **2** | 2 |
| SLC Sustainable Luxury Cyprus Limited | Cyprus | 100% | **1,277** | 1,277 |
| Sustainable Luxury Maldives Private Limited | Maldives | 99% | **642** | -- |
| **Total** | | | **1,138,858** | 1,108,428 |

Sustainable Luxury Holdings (BVI) Limited, the parent company of Sustainable Luxury Mauritius Limited, prepares consolidated financial statements and hence, the Company has availed the exemption provided by Section 214 of the Mauritius Companies Act, 2001 allowing a wholly owned or virtually owned parent company holding a category 1 Global Business Licence not to present consolidated financial statements. The financial statements are of the Company only and do not consolidate the results of its subsidiaries.

| | **As at 31 December2014 USD** | As at 31 December 2013 USD |
|---|---|---|
| **7. Short term loans** | | |
| Subsidiary | **3,084,316** | 4,244,675 |
| Other related parties | **1,513,996** | 1,363,822 |
| | **4,598,312** | 5,608,557 |

| | **As at 31 December2014 USD** | As at 31 December2013 USD |
|---|---|---|
| **8.Trade and other receivables** | | |
| Trade receivables | **3,020,773** | 3,721,068 |
| Advances and prepayments | **97,728** | 72,698 |
| | **3,118,501** | 3,793,766 |

| | **As at 31 December 2014 USD** | As at 31 December 2013 USD |
|---|---|---|
| **9. Cash and cash equivalents** | | |
| Cash in hand | **22** | 1,000 |
| Bank balances | **6,945,711** | 160,101 |
| | **6,945,733** | 161,101 |

| | **As at 31 December 2014 USD** | As at 31 December 2013 USD |
|---|---|---|
| **10.Share capital** | | |
| **Authorised:** | | |
| 200 ordinary shares of no par value | **-** | - |
| **Issued:** | | |
| 200(as at 31 December 2013:200) Ordinary shares of no par value | **1,254** | 1,254 |
| | **1,254** | 1,254 |

Above share is held by Sustainable Luxury Holdings (BVI) Limited, the holding company. Ordinary shares carry one vote per share and carry a right to dividends.

| | As at 31 December 2014 USD | As at 31 December 2013 USD |
|---|---|---|
| **11. Short term borrowings** | | |
| From holding company | **2,0752,217** | 10,592,803 |
| | **2,0752,217** | 10,592,803 |

Above loan is interest free and repayable on demand.

| | As at 31 December 2014 USD | As at 31 December 2013 USD |
|---|---|---|
| **12.Trade and other payables** | | |
| Accrued expenses | **64,546** | 160,990 |
| Other payables | | |
| - to subsidiaries | **2,079,471** | 1,977,259 |
| - to others | **673,918** | 547,647 |
| Advance from Customers | **32,265** | - |
| | **2,850,200** | 2,685,896 |

Accrued expenses and other payable principally comprise of amounts outstanding for expenses and ongoing costs.

## 13. Taxation

The Company, under current laws and regulations, is liable to pay income tax on its net income at the rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% of Mauritius tax payable in respect of its foreign source income tax thus reducing its maximum effective tax rate to 3%.

The Company has received a certificate from the Mauritian authorities and believes that such certification is determinative of its resident status for treaty purposes. The tax residence certificate is renewable each year provided some undertakings provisions are observed.

As at 31 December 2014 the Company had a tax liability of USD Nil.

**Income tax expense / (income) comprises of:**

| | **As at 31 December 2014 USD** | As at 31 December 2013 USD |
|---|---|---|
| Deferred tax income | **(40,299)** | (34,623) |
| | **(40,299)** | (34,623) |

The table below give details of each type of temporary difference as at year end:

| | **As at 31 December 2014 USD** | As at 31 December 2013 USD |
|---|---|---|
| Deferred tax Assets | | |
| Tax losses | **(88,944)** | (48,208) |
| Deferred tax Liabilities | | |
| Depreciation | **5,537** | 5,100 |
| Net Deferred tax Assets | **(83,407)** | (43108) |

As at 31 December 2014 management has recognised deferred tax assets in respect of carried forward losses only to the extent of 50% considering the future business plan and projection.

## 14. Related party transactions

**I. Name of the related parties and nature of relationship with the Company is as follows:**

A. Holding company:
Sustainable Luxury Holdings (BVI) Limited

B. Ultimate holding company
Sustainable Luxury (BVI) Limited Partnership

C. Subsidiary companies
Sustainable Luxury Maldives Private Limited
SLC Sustainable Luxury Cyprus Limited
Sustainable Luxury UK Limited
Sustainable Luxury Operations (Thailand) Limited
Sustainable Luxury Holding (Thailand) Limited*
Sustainable Luxury Hospitality (Thailand) Limited*
Sustainable Luxury Management (Thailand) Limited*

*subsidiary by virtue of control over board of directors

D. Fellow subsidiary
Sustainable Luxury Services (BVI) Limited
Sustainable Luxury Lanka (Private) Limited
Six Senses Capital Holdings Limited
Raison d'Etre Holdings (BVI) Limited

**II. Transactions with the related parties:**

| Nature of transactions | Transactions for the | | Balance outstanding receivable / (payable) as at | |
|---|---|---|---|---|
| | Year ended 31 December 2014 (USD) | Year ended 31 December 2013 (USD) | As at 31 December 2014 (USD) | As at 31 December 2013 (USD) |
| **Transaction with Holding company** | | | | |
| - Loan received | **10,159,414** | 2,176,415 | **(2,0752,217)** | (10,592,803) |
| **Transactions with subsidiaries** | | | | |
| - Loan given | **7,614,265** | 1,383,562 | **1,089,463** | 2,281,449 |
| - Loan repaid | **12,321,504** | 986,085 | **--** | -- |
| - Resort management service income | **182,632** | 152,486 | **--** | -- |
| -Sale of products | **103,429** | -- | **--** | -- |
| - Royalty income | **91,319** | 76,243 | **--** | -- |
| - Service fees expense | **3,713,174** | 3,226,532 | **--** | -- |
| -Cost of products Sold | **103,429** | -- | **--** | -- |
| Other Income | **8,590** | -- | **--** | -- |
| **Transactions with fellow subsidiaries** | | | | |
| - Service fees expense | **6,000,000** | 3,000,000 | **--** | -- |
| - Loan given | **6,164,146** | 4,015,607 | **1,513,996** | 1,363,850 |

## 15. Commitments

As at 31 December 2014, the Company is in the process of implementing financial management system software and sun system implementation cost outstanding as at 31 December 2014 is USD 56,125 and USD 4,000 respectively.

As at 31 December 2013, the Company was in the process of implementing financial management system software, implementation cost outstanding as at 31 December 2014 is USD 236,500.

## 16. Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities matches to their respective fair value.

The following method and assumptions were used to estimate the fair values:

- Cash and cash equivalent, trade and other receivables, trade and other payables, non-interest bearing receivables / borrowings approximates their carrying values because of their immediate or short term maturities.

## 17. Financial instruments and associated risks

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

In performing its operating, investing and financing activities, the Company is exposed to the following financial risks:

Credit risk, Liquidity risk and Market risk and define those risks as follows:

- Credit risk: the possibility that a debtor will not repay all or a portion of a loans and receivables or will not repay in a timely manner and therefore will cause a loss to the Company.
- Liquidity risk: the Company define this risk as the risk that it may not have, or may not be able to raise, cash funds when needed and therefore encounter difficulty in meeting obligations associated with financial liabilities.

The Following table summarises the carrying amount of financial assets and liabilities recorded at 31 December by IAS 39 category:

| **FINANCIAL ASSETS** | **As at 31 December 2014 (USD)** | | As at 31 December 2013 (USD) |
|---|---|---|---|
| Loans and other receivables | | | |
| -Loans | **4,598,312** | | 5,608,557 |
| -Trade and other receivable | **3,118,501** | | 3,793,766 |
| -Cash and cash equivalent | **6,945,733** | | 161,101 |
| | **14,662,546** | | 9,563,424 |
| **FINANCIAL LIABILITIES** | **As at 31 December 2014 (USD)** | | As at 31 December 2013 (USD) |
| At fair value through the income statement | **-** | | - |
| Measured at amortised cost: | | | |
| - Borrowings | **20,752,217** | | 10,592,803 |
| - Trade and other payables | **2,850,200** | | 2,685,896 |
| | **23,602,417** | | 13,278,699 |

**Credit risk**

The Company controls its exposure to credit risk by setting limits on its exposure to individual customers and these are monitored by the Management. As at year end, balance of financial assets represents the Company's maximum exposure to the credit risk.

The table below illustrates the financial assets ageing analysis:

| **FINANCIAL ASSETS** | **As at 31 December2014 (USD)** | | As at 31 December 2013 (USD) |
|---|---|---|---|
| Not past due | **12,876,939** | | 7,762,892 |
| Less than 30 days | **333,674** | | 443,970 |
| 31-120 days | **579,562** | | 227,597 |
| 121-180 days | **141,838** | | 46,847 |
| More than 180 days | **730,534** | | 1,082,118 |
| | **14,662,547** | | **9,563,424** |

**Liquidity risk**

The following table analyses financial liabilities by remaining contractual maturity:

| | **Borrowings** | **Trade and other payables** | **Total** |
|---|---|---|---|
| | (USD) | (USD) | (USD) |
| Less than one year | **20,752,217** | **2,850,200** | **23,602,417** |
| 1 – 3 Years | - | - | - |
| **Balance as at 31 December 2014** | **20,752,217** | **2,850,200** | **23,602,417** |

| | Borrowings | Trade and other payables | Total |
|---|---|---|---|
| | (USD) | (USD) | (USD) |
| Less than one year | 10,592,803 | 2,685,896 | 13,278,699 |
| 1 – 3 Years | - | - | - |
| **Balance as at 31 December 2013** | **10,593,803** | **2,685,896** | **13,278,699** |

**Interest rate risk**

The Company's exposure to interest rate risk concerns financial assets (loans) and financial liabilities (borrowings). The following table analyses the breakdown of loans and borrowings by type of interest rate:

| **Borrowings** | **As at 31December 2014** | As at 31 December 2013 |
|---|---|---|
| | **(USD)** | (USD) |
| Interest bearing | **-** | - |
| Non Interest Bearing | **20,752,217** | 10,592,803 |
| **Total** | **20,752,217** | 10,592,803 |

**Currency risk**

Since, the Company operates internationally, it is exposed to currency risk as a part of its commercial business. In particular the Company significantly exposed to Euro , QAR ,THB and GBP currencies. The Company has not hedged its foreign currency risk.

| **Financial assets** | **Currency** | **As at 31 December 2014** | As at 31 December 2013 |
|---|---|---|---|
| | | **(USD)** | (USD) |
| Trade and other receivable | | | |
| | EURO | **118,336** | 79,714 |
| | QAR | **100,093** | 70,748 |
| | SGD | **48,754** | **--** |
| | INR | **31,525** | -- |
| | KWD | **17,706** | 117,145 |
| | CHF | **17,896** | 33,240 |
| | MOP | **12,784** | 15,645 |
| | THB | **--** | 46,768 |
| Other financial assets | **Currency** | **As at 31 December 2014** | As at 31 December 2013 |
| | | **(USD)** | (USD) |
| | GBP | **--** | 349,754 |
| | USD | **14,315,452** | 8,850,410 |
| **Total financial assets** | | **14,662,546** | **9,563,424** |
| **Financial liabilities** | **Currency** | **As at 31 December 2014** | As at 31 December 2013 |
| | | **(USD)** | (USD) |
| Trade and other payables | | | |
| | THB | **50,576** | 273,542 |
| | GBP | **185,376** | 676,409 |
| | AED | **18,782** | |
| | AUD | **11,170** | 8,692 |
| | EUR | **8,312** | 109,686 |
| | USD | **23,325,934** | 12,186,103 |
| | Other currencies | **2,267** | 22,772 |
| **Total financial liabilities** | | **23,602,417** | 13,277,204 |

Sensitivity analysis:

As at 31 December 2014, if EUR had weakened / strengthened by 13% against USD with all other variable held constant, profit before tax for the year would have been decrease / increase by approx. USD 14,589 mainly on account of foreign exchange gain /losses on translation of trade and other receivables, trade and other payables.

As at 31 December 2014, if GBP had weakened / strengthened by 6% against USD with all other variable held constant, profit before tax for the year would have been decrease / increase by approx. USD 11,419 mainly on account of foreign exchange gain /losses on translation of trade and other receivables, trade and other payables.

As at 31 December 2014, if SGD had weakened / strengthened by 4% against USD with all other variable held constant, profit before tax for the year would have been decrease / increase by approx. USD 2,105 mainly on account of foreign exchange gain /losses on translation of trade and other receivables.

As at 31 December 2014, if THB had weakened / strengthened by 0.18% against USD with all other variable held constant, profit before tax for the year would have been decrease / increase by approx. USD 836 mainly on account of foreign exchange gain /losses on translation of trade and other payables

## 18. Going concern basis

The Company incurred a loss of USD 4,858,271 during the year ended 31 December 2014 and as at that date its liabilities exceeds its assets by USD 6,863,028. The Company is dependent upon the continuing financial support of its parent company without which there would be significant doubt about its ability to continue as a going concern as well as its ability to realize its assets and discharge its liabilities in the ordinary course of business. The parent company has indicated its intention to continue providing such financial assistance to the Company to enable it to continue as a going concern and to meet its obligations as they fall due.

## 19. Capital management

The primary objective of the Company’s capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

The board’s policy is to maintain strong capital base so as to maintain investors and creditors confidence and to sustain future development of the business. The Board of directors monitors the return on capital. The Board of directors also monitors the level of dividends to ordinary shareholders.

The company is not subject to externally imposed capital requirements.

## 20. Subsequent events

There are no material subsequent events requiring adjustments to the company financial statements for the year ended 31 December 2014.

## 21. Holding and ultimate holding company

The directors consider Sustainable Luxury Holdings (BVI) Limited as the holding company and Sustainable Luxury (BVI) Limited Partnership as the ultimate holding company, both companies incorporated in the British Virgin Islands.

## 22. Comparatives

Previous year's figures have been regrouped and rearranged wherever necessary.

## 23. Approval

These financial statements were approved by the Board of Directors on ________________ and are signed on its behalf.